



## Department of the Navy Civilian Benefits Center

## Information About the Thrift Savings Plan for New or Rehired Employees Under the Federal Employee Retirement System

Congratulations on your new job with the Department of the Navy. Your position is covered by the Federal Employees' Retirement System (FERS), and as a result you have been automatically enrolled in the Thrift Savings Plan (TSP). The TSP is a retirement savings and investment plan for Federal employees and is similar to "401(k)" plans available to many private sector employees. The purpose of the TSP is to provide you the opportunity to participate in a long-term retirement savings and investment plan. The TSP is one of the three parts of the FERS retirement program. The FERS Basic Annuity and Social Security are the other two parts.

### **Rehired With a Break In Service of 30 Days or Less**

If you are rehired or transferred into a position covered by FERS and your break in service from your last covered position is 30 days or less the Department of the Navy will reinstate your prior TSP election. You will not become automatically enrolled in the TSP (as described in the next paragraph), however, you may change or stop your TSP election, and if you were not previously contributing, you may choose to elect to contribute to the TSP at any time.

### **Automatic Enrollment**

The amount of your automatic contribution to the TSP is 3% of your basic pay which will be deposited into your TSP account every pay period. These contributions are deducted from your pay and are tax deferred for purposes of Federal and, in most cases, state income tax. If you want your contributions to be withheld on an after-tax basis you must make your election in the Employee Benefits Information System (EBIS) at <http://www.public.navy.mil/donhr/Benefits> or call the Benefits Line at 888-320-2917.

In addition, the Department of the Navy will deposit Agency Matching Contributions equal to your 3% deposit. You also receive an Agency Automatic (1%) Contribution that is equal to one percent of your basic pay. All totaled with your contributions and those from the Department of the Navy the equivalent of seven percent of your basic pay will be deposited into your TSP account each pay period. This is a good start toward saving for retirement; however, you can easily increase the amount of your contributions and receive additional Agency Matching Contributions making your retirement savings grow even faster. See the paragraphs on Employee Contributions and Agency Matching Contributions.

### **Stop Automatic Enrollment**

If you do not wish to contribute to your TSP account you can request to stop the automatic enrollment process. To stop the Automatic Enrollment process before any contributions are deducted from your pay you must make an election in EBIS or call the Benefits Line. If you stop your contribution you are not eligible to receive Agency Matching Contributions. You will still receive the Agency Automatic (1%) Contributions. It is possible that payroll may not be able to stop your first contribution to the TSP. If this happens you can make a request to the TSP to return your contribution. To request a refund of your contribution read the paragraph titled Refund of Automatic Contributions.

## **Employee Contributions**

You may elect to increase, decrease, or stop your contributions to your TSP account at any time using EBIS or by calling the Benefits Line. You may specify a whole percentage of basic pay that you want to contribute each pay period, or you may specify a whole dollar amount. Whether you specify a percentage or dollar amount of your pay, your total contributions for the year cannot exceed the IRS elective deferral limit for the year. The limit for 2012 is \$17,000. Your contribution election will remain in effect until you make another election to change the amount of your contributions or to stop them. You should consider increasing your contributions to at least 5% of your basic pay each pay period during the year in order to receive all of the Agency Matching Contributions for which you are eligible. If you reach the IRS limit before the end of the year, the TSP cannot accept additional contributions and as a result you will not receive the Agency Matching Contributions for the remaining pay dates in the year. The TSP has a calculator on its Web site (<http://www.tsp.gov>) to assist you in planning to maximize your employee and Agency Matching Contributions each year.

## **Agency Contributions**

Because you have been automatically enrolled in the TSP, effective your first pay period, the Department of the Navy will begin making Agency Matching Contributions to your TSP account. Even if you stop contributing your own money, the Department of the Navy will make Agency Automatic (1%) Contributions that will equal 1% of the basic pay you earn for the pay period. If you are making Employee Contributions, you will also begin receiving Agency Matching Contributions to your TSP account. The first 3% of pay that you contribute each pay period will be matched dollar for dollar, and the next 2% that you contribute will be matched 50 cents on the dollar. As a result of your automatic enrollment you are contributing 3% of your pay and receiving Agency Matching Contributions of 3%. However, if you increase your employee contributions to 5% you will then receive Agency Matching Contributions of 4% each pay period. This means the equivalent of 10% of your basic pay will be saved toward your retirement each pay period (5% your Employee Contribution + 4% Agency Matching Contributions + 1% Agency Automatic Contribution = 10% in your TSP account). Your agency contributions will also be invested according to your contribution allocation on file with the TSP on the date the contributions are posted to your account.

## **Catch-Up Contributions**

If you are age 50 or older or will turn age 50 by the end of this year, you may make an additional election to contribute catch-up contributions (either tax-deferred or after-tax). This is a separate election that will request your agency to deduct additional tax-deferred TSP contributions from your pay. You can make your catch-up contributions election using EBIS or by calling the Benefits Line. You must elect a whole dollar amount to be deducted from your basic pay each pay date.

The maximum amount you may contribute in catch-up contributions during 2012 is \$5,500. This amount of tax-deferred contributions is in addition to the amount you may contribute through the regular TSP election discussed in the paragraph above. You will not receive Agency Matching Contributions on the amount you elect to contribute through catch-up contributions. Your catch-up contribution election will remain in effect either until you make another election to change the amount of or stop your contributions, or until the last pay date of the calendar year. You must make a new election to contribute catch-up contributions each year.

## **Refund of Automatic Enrollment Contributions**

You may request a refund of the employee contributions that were deducted from your pay during the first 90 days that you were automatically enrolled. To do so, you must send Form TSP-25, Request for an Automatic Enrollment Refund, which you will receive with your welcome letter from the TSP. Your properly completed Form TSP-25 must be returned to the TSP using the address on the form and must be received by the TSP no later than the date provided in the TSP welcome letter. DO NOT return the form to the Department of the Navy. Make sure you read the directions on Form TSP-25 as well as the instructions in the TSP welcome letter. If you were previously employed by the Federal government and were automatically enrolled you are not eligible for a refund of the automatic enrollment contributions for subsequent periods, unless one full calendar year (January through December) has passed since your last automatic enrollment contribution (visit the TSP website for more details). The amount of your refund will be your automatically withheld employee contributions and any gains or losses from the performance of your investment(s). Although the Agency Automatic (1%) Contributions and their earnings will remain in your TSP account; you will forfeit any Agency Matching Contributions and their earnings. Requesting a refund of your automatic enrollment contributions will not stop future contributions from being deducted from your pay. You must stop your future contributions using EBIS or by calling the Benefits Line.

## **Establishing Your TSP Account**

Your TSP account will be established when the Department of the Navy submits your first contributions. Once your account is established, the TSP will send three separate mailings to you: (1) a new account letter which includes your account number (2) your password and (3) your Personal Identification Number (PIN). When you receive your new account letter one of the enclosures will be a TSP booklet, Managing Your Account, which provides valuable information on such things as TSP investment options, making a contribution allocation, requesting an interfund transfer, and how to designate beneficiaries. If you already have an established TSP account from previous Federal government service, and you did not withdraw all of your money while you were separated, you will not receive any of the above mailings. If you withdrew your entire balance while separated you will receive the welcome letter but not a new password or PIN because your existing password and PIN are still valid. If you have or had a TSP uniformed service account your Federal civilian account is a separate account and you will receive all of the above mailings.

To ensure that you receive all correspondence from TSP keep your mailing address current:

- Most Department of Navy employees are paid by the Defense Finance and Accounting Service (DFAS). To update your mailing address go to the DFAS myPay website at <https://mypay.dfas.mil/mypay.aspx> and login to your account. Under "Pay Changes" select "Correspondence Address" and make changes as appropriate. Your activity DFAS point of contact can also submit your address change to DFAS.
- If you are a Mariner employed by Military Sealift Fleet Support Command you will update your address by calling 1-800-793-5784 or sending an email to [civmar@marinersupport.com](mailto:civmar@marinersupport.com).

## **Contribution Allocations**

Your first contribution will be invested in the Government Securities Investment (G) Fund. After receiving your TSP welcome letter, you may invest your contributions in any of the ten TSP funds by

requesting a contribution allocation. You cannot request a contribution allocation until your TSP account has been established. Information on how to request a contribution allocation will be provided with your TSP welcome letter (you will not use EBIS to make a contribution allocation). Note: If you have an existing TSP account balance from previous Federal civilian government service, your contributions will be invested using your last contribution allocation on file with the TSP.

### **Interfund Transfers**

You can redistribute your TSP account balance among the ten TSP funds by requesting an interfund transfer. You will not be able to request an interfund transfer until your TSP account has been established. Instructions on how to request an interfund transfer will be provided with your TSP welcome letter (you will not use EBIS to make an interfund transfer).

### **Additional Information**

Additional information is available on the TSP website at [www.tsp.gov](http://www.tsp.gov).

If you have questions please call the Benefits Line at 888-320-2917 and select menu option #4 to speak with a Customer Service Representative (CSR). CSRs are available from 7:30 a.m. until 7:30 p.m., Eastern Time, Monday through Friday, except on federal holidays. The TTY number is 866-359-5277.

You may also email your questions to [navybenefits@navy.mil](mailto:navybenefits@navy.mil). You must include your full name, pay plan, grade, contact telephone number and the best time to call you but please do not include Privacy Act Information such as date of birth or social security number.